

is taking and has taken measures to alleviate its situation, financial projections, proposed term of the repayment, current and projected market conditions, information on other available collateral, liens and other creditor information, and any other information which may be requested by the Secretary.

Subpart D—Documentation

§ 298.30 Nature and content of Obligations.

An Obligation, whether issued in the form of a note, bond of any type, or other debt instrument, when engraved, printed or lithographed on a single sheet of paper shall include on its face the name of the Obligor, the principal sum, the rate of interest, the date of maturity, and the Guarantee of the United States, authenticated by the Indenture Trustee. If the Obligation is typewritten, printed or reproduced by other means on several pages of paper, the Guarantee of the United States and the authentication certificate of the Indenture Trustee may appear at the end of the typewritten Obligation. The instrument which is evidence of indebtedness shall also contain all information necessary to apprise the Obligees of their rights and responsibilities with respect thereto, including, but not limited to, time and manner for payment of principal and interest, redemptions, default procedure and notification (in case of registered Obligations) of sale or other transfer of the instruments.

§ 298.31 Mortgage.

(a) *In general.* (1) Under normal circumstances, a Guarantee shall not be endorsed on any Obligation until the Secretary receives satisfactory evidence of a Mortgage in one or more Vessels or a Mortgage or other security interest in the Advanced Shipbuilding Technology or Modern Shipbuilding Technology (the "Technologies"), in favor of the Secretary. During construction of a new Vessel or any of the Technologies, a security interest may be perfected by a filing under the Uniform Commercial Code.

(2) In order to ensure that the Secretary's Mortgages or other security interests are valid and enforceable, the

Secretary shall require that the Obligor obtain legal opinions, in form and substance satisfactory to the Secretary, from independent, outside legal counsel satisfactory to the Secretary, including foreign independent outside legal Counsel with respect to Eligible Export Vessels, which opinions shall state, among other things, that the Mortgage or other security interest(s) are valid and enforceable:

(i) In the country in which the Vessel is documented (or, in the case of a security interest, in jurisdictions acceptable to the Secretary);

(ii) In the United States; and

(iii) For vessels operating on specified trade routes, in the country or countries involved in this service, unless the Secretary determines that those destinations are too numerous, in which case, the Secretary will instead require an opinion of foreign validity and enforceability in the Vessel's primary port of operation.

(3) In the case where a Mortgage or security interest on the financed assets may not be available or enforceable, the Secretary shall require alternative forms of security.

(4) The Security Agreement shall provide that upon delivery of a new Vessel or upon final installation of the Technologies, or at the time Guarantees are issued with respect to an existing Vessel or the Technologies, a Mortgage on the Vessel and a Mortgage or other security interest on the Technologies shall be executed in favor of the Secretary, unless the Secretary determines that a Mortgage or a security interest is not required in accordance with the preceding sentence.

(5) The Mortgage shall be filed with the United States Coast Guard at the Vessel's port of record, or with the proper foreign authorities with respect to an Eligible Export Vessel, and with respect to assets of a General Shipyard Facility a Mortgage and security interest shall be filed with the proper authorities within the appropriate state and shall be delivered to the Secretary after being recorded.

(b) *Mortgage secured by multiple Vessels.* When two or more Vessels are to be security for Guarantees, the Security Agreement may provide that one Mortgage relating to all the Vessels